Flexible Giving, Inspired By Students

James ’72 and Muguette Alder

Jim Alder’s 40th Reunion in 2012 marked a new era in his involvement with MIT. He began to volunteer as an educational counselor, and he and his spouse, Muguette, made their first planned gift to the Institute, a charitable remainder trust (CRUT). In 2019, the couple formed a new planned giving strategy and established an MIT Donor-Advised Fund to align with their changing priorities.

Getting to know MIT students.
A CRUT provides income to a donor and their beneficiaries, and when it terminates, the gift goes to a designated cause at MIT. The Alders directed their CRUT to undergraduate scholarships. “Supporting scholarships is especially important to me, as I had financial issues while at MIT,” says Jim. “We established the CRUT wanting to donate to MIT and expecting to need additional income to support our retirement lifestyle.”

Establishing a CRUT, like other planned gifts to MIT, welcomed the couple into the Katharine Dexter McCormick (1904) Society (KDMS). “From day one, everyone was so wonderful and welcoming toward us,” says Muguette. “Hearing students’ incredible stories at events like the annual KDMS member appreciation brunch is what made me want to get more involved with MIT.” Getting to know MIT students in that capacity, as well as Jim’s work as an educational counselor, inspired the Alders to also establish an endowed scholarship fund in 2015.

Evolving priorities.
As the Alders’ engagement with MIT grew, they realized that their planned giving strategy needed to change. “We discovered that we don’t need the additional income from the CRUT in retirement,” says Jim. “Terminating the CRUT, as we did in 2019, provides MIT the money sooner to support undergraduate scholarships while giving us a one-time additional charitable tax deduction.”

In 2019, the Alders also invested in a different planned giving instrument: an MIT Donor-Advised Fund (DAF). “Given our interest in continuing to support MIT, establishing a DAF was a logical next step,” says Jim. “We will accumulate money in the fund over the next several years and watch that money grow through the MIT endowment’s track record of returns. Our current plan is to use some of our fund to support other charities, but give most of it to MIT.”

The importance of supporting MIT.
Beyond their planned giving strategy, the Alders’ personal experience influenced their giving to MIT when they established a graduate fellowship in the Department of Brain and Cognitive Sciences in 2017. “We have family members with brain-related medical conditions and understand the impact of these conditions both on individuals and society. We are optimistic there will be research breakthroughs in the near future, with MIT playing a key role,” says Jim.

The Alders suggest that if others are considering a gift to MIT, a CRUT through the Office of Gift Planning is a great starting place—especially for scholarship support. “At MIT events, I love to hear from the students about their background, current activities, and future plans,” says Muguette. Jim agrees: “Hearing from MIT students will tilt you pretty quickly toward the advantages and the value in the money you will donate, no matter what type of gift you make.”

“Given our interest in continuing to support MIT, establishing a Donor-Advised Fund was a logical next step.” – Jim Alder

To learn more about Donor-Advised Funds, visit giving.mit.edu/daf.

Cover: Jim and Muguette Alder at home in Boerne, Texas
A Legacy of Support for MIT Scholarships

Thomas Davis ’84, SM ’85
Elizabeth Beliveau Davis ’84, MArch ’88

Although Tom and Betsy Davis, now married 22 years, were MIT undergraduates at the same time, their relationship didn’t begin until several years later. But that common undergraduate experience made their decision to establish the Tom and Betsy Davis Scholarship Fund a natural one. Tom and Betsy’s support has already helped two students attend MIT, and thoughtful planning—with the help of the MIT Office of Gift Planning—has ensured that the fund will outlive them and support many more.

Supporting students.
“We knew we would need to pay for our children’s college education, but realized we could help get more young people through school financially,” says Tom. “Were we to pass away before our scholarship was completely funded, a bequest would bump up the total principal in the fund to complete it.”

With their two children now in college, why fund scholarships for young people they don’t know? “We both benefited from the generosity of others,” says Tom. “Betsy had scholarships from MIT, and I had scholarships from other entities. Our undergraduate years were incredibly formative. To help others have that experience means a lot to us.”

Celebrating the MIT experience.
Today, Betsy is associate director of facilities at Phillips Academy Andover, while Tom focuses on data-intensive work in supply chain management for a Palo Alto consulting firm. Both have happy memories of their time at MIT. “There were moments in class where the waters parted somehow and you could see truth in its purest form,” says Tom, “but some of the best moments for me happened while walking to and from school every day with friends.” Betsy agrees: “Some of my dearest friends are MIT friends. When we reconnect, there’s this bond and shared history of figuring out who you are and what you believe in by having intense conversations with really smart, engaged people.”

Tom, who has met the two recipients of the scholarship fund in person, was inspired by the students’ accomplishments. “If we can knock down the financial burden for them a bit, they’ll be more focused on what they came here to do,” says Tom. “To be exposed to all the things available at MIT and not take advantage of them because you’re worried about money is not making the best use of those four years.”

Achieving goals for the future.
Planned giving made sense to Tom and Betsy because it ensured that they could finish what they started. “For the longest time, I thought funding a scholarship was completely unattainable,” says Tom. “We’re just workaday engineers. Then I started looking at it and realized it was doable.” He hopes others will follow suit. “Consider creating a scholarship fund! Build that fund over your lifetime and top it off with a legacy gift. You don’t have to build a building to have an impact. Just think: ‘I can help a couple of kids get through MIT’.”

“Funding a scholarship feels like an investment in the future for everyone,” adds Betsy, “because the things students can do and the impact they can make with a little bit of assistance from us is incredible.”

To learn more about how to make a bequest that supports scholarships or other MIT initiatives, visit giving.mit.edu/bequest-giving.
Starting an Income-Generating Gift Annuity

Life-income gifts are a cornerstone of planned giving at MIT, simultaneously providing income for donors while supporting the Institute. A charitable gift annuity (CGA) benefits both you and MIT and is a great way to get started with planned giving.

Read on to find out if a CGA is right for you, and contact the Office of Gift Planning if you have any questions.

A CGA is an irrevocable gift, best suited to donors wishing to support MIT and either enjoy income themselves or provide income to another person. A CGA can be established with a gift of $20,000 or more, which is invested alongside the MIT endowment and managed by the MIT Investment Management Company (MITIMCo). It then provides a fixed annual income for one or two income beneficiaries over 50 years of age for the remainder of their lives.

You are also eligible for a partial income tax charitable deduction in the year the gift is made.

You can use cash, securities, or a combination thereof to fund your gift. With a gift of appreciated securities, you will avoid the up-front capital gains tax in the year you establish your gift. A portion of your annuity payments may be taxable at the capital gains tax rate to the annuitants, resulting in a “blended” tax rate of ordinary, capital gains, and tax-free income.

Joe Levitch ’69 has given to MIT in a variety of ways, from mentoring and volunteering to establishing a scholarship fund and an athletics leadership program.

His charitable gift annuity, made through the Office of Gift Planning, is unique among the other ways that he supports the Institute.

Above: Joe Levitch (right) met with Jason T. Necaise ’20 (Course 8 and 18) at the 2019 Katharine Dexter McCormick (1904) Society brunch. Necaise is among the students who have received financial support from scholarships funded by Levitch.
Annuity payments are flexible. You have three options for annuity payments: immediate; deferred to a specific date; or flexible-deferred, in which you can give now and decide later when to initiate payments. Deferred payments will garner a higher interest rate (see chart below).

Your CGA benefits the programs you love at MIT by contributing to the MIT endowment. The remainder of your gift becomes available to MIT for the purpose you have chosen when the annuity expires, whether it be scholarships, fellowships, research support in a specific area, or an unrestricted gift.

Reaching out to your financial advisor and the Office of Gift Planning can help you decide whether a CGA is right for you. Our experienced gift planning team can answer your questions in a confidential discussion about charitable gift annuities and provide you and your advisor with personalized gift calculations to show how a CGA can work for you.

To learn more about gifts that provide income, visit giving.mit.edu/life-income.

Current Charitable Gift Annuity Rates

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Q&A: Scholarships and Admissions Policies at MIT

Stuart Schmill ’86
Dean of Admissions and Student Financial Services

Following Stuart Schmill’s graduation from MIT, he spent a year working as a project engineer at General Motors before returning to the Institute in a professional role. Since then, he has served in a variety of positions, including director of crew; director of Parent, Student, and Young Alumni Programs in the MIT Alumni Association; and director of the MIT Educational Council. He became dean of admissions in 2008 and added Student Financial Services to his portfolio in 2016. Schmill spoke with the MIT Office of Gift Planning about MIT’s distinctive admissions policies and gift planning’s role in generating scholarship support.

What makes the admissions and financial aid policies at MIT different from its peer institutions?
SS: We are proud that MIT’s undergraduate admissions and financial aid policies allow us to live our values. We are one of a small number of US colleges and universities that make admissions decisions without regard to whether the student can afford to pay, and one of only five that can say this for both US and international students. Furthermore, we are one of a very small number of schools to offer completely meritocratic admissions policies: we grant no extra advantage for the children or grandchildren of MIT alumni. And, while we have students with exceptional extracurricular talent, such as in athletics, every student meets the same high academic standards. Finally, we do not offer merit scholarships of any kind—the financial aid we offer to undergraduate students is based only on financial need. This allows us to use our funds most efficiently for the families that need the aid the most.

What role can planned giving play in funding scholarships? What is the impact of scholarships funded by planned gifts?
SS: Our scholarship support is so robust because of the generosity of our alumni and friends who make scholarship gifts in a variety of ways. For example, a scholarship funded through a life-income or bequest gift will establish a lasting legacy for the donor while supporting MIT students who will go on to make their own mark on the world. Donors’ foresight when planning their estate can help to ensure that we can support students today and into the future.

What are the main challenges that you and your team face?
SS: Maintaining need-blind admissions and full-need financial aid policies for all undergraduates is expensive—this is why policies such as ours are so rare. MIT has made this commitment, but the costs of maintaining our financial aid program are rising faster than our revenues. Securing our ability to maintain MIT’s meritocratic principles and values will depend on the continued generosity of our alumni and friends as well as the commitment we make as a community.

How do MIT scholarships benefit students and the Institute as a whole?
SS: MIT scholarships allow MIT to enroll the most talented students from around the world and from all backgrounds. Equally important, scholarship support allows our students to take full advantage of all MIT has to offer with less financial pressure. MIT acts as a true engine of opportunity for so many students. This is one way we put MIT’s mission into practice, making a better world.

Visit betterworld.mit.edu/investing-in-students to learn more about how scholarships make a difference in the lives of MIT students.
Below is suggested language to share with your advisor if you would like to include MIT in your will or estate plan.

I give [all of the residue of my estate OR an amount equal to X percent of the residue of my estate / thereof OR $ _________] to the Massachusetts Institute of Technology (MIT), a Massachusetts nonprofit corporation, for its general educational and charitable purposes.

We can provide sample language if you prefer your bequest to be designated for a specific purpose. Contact us to learn more about bequests and how they could count towards the MIT Campaign for a Better World.

This information is provided for illustrative purposes only and should not be considered legal or financial advice. We encourage you to discuss these options with your advisor.

The Katharine Dexter McCormick (1904) Society (KDMS) unites and honors individuals and families who make a bequest or life-income gift to the Institute. Since its founding in 1994, KDMS has been an alumni-chaired organization.

In 2019, KDMS welcomed two new co-chairs: Bob Johnson ’63 and Heather Cogdell ’89. You can read more about them and why they believe that planned giving is a smart, simple, and effective way to support MIT in the Fall 2018 and Spring 2019 issues of Corridor at giving.mit.edu/corridor.

To learn more about Katharine Dexter McCormick and the history of the society, visit giving.mit.edu/kdms.

Advancing Planned Giving, Together

MIT alumni and friends who make a planned gift to the Institute come from all walks of life. But they have one thing in common: their dedication to making a better world by giving to MIT.

Sample Bequest Language

Contact Us

Making a planned gift to MIT enables you to meet your financial goals while achieving your charitable aspirations, bolstering MIT’s world-changing programs while providing income to you and/or your beneficiaries.

Ready to start the conversation? Contact us today!

OFFICE OF GIFT PLANNING
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giving.mit.edu/contact-ogp
Inside this Newsletter

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From the MIT Office of Gift Planning